

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Cabinet **DATE:** 8<sup>th</sup> February 2016

**CONTACT OFFICER:** Joseph Holmes; Assistant Director Finance & Audit, section 151 officer

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**WARD(S):** All

**PORTFOLIO:** Cllr. Rob Anderson; Commissioners for Finance & Strategy

### **PART I** **KEY DECISION**

#### **REVENUE BUDGET 2016/17**

##### **1 Purpose of Report**

To detail the overall Revenue Budget for 2016/17, and the decisions required for the Council to achieve a balanced budget for the year ahead.

The paper demonstrates the levels of Council Tax proposed at 3.75%, the Government grant assumptions and estimations required for the next financial year's budget.

To approve the Council Tax for the year ahead, and the associated Council Tax notices and resolutions required as per various Local Government Finance Acts as detailed in Appendix G.

To note the increase in Housing Rent Account rents and service charges (as detailed in Appendix J and set out in paragraph 2 below and approved by Council in January).

To approve the increases in Fees and Charges as detailed in Appendix Fi.

##### **2 Recommendation(s)/Proposed Action**

The Cabinet is requested to Recommend that the Revenue Budget 2016/17 be approved by Council on 25<sup>th</sup> February 2016, noting that other organisations have yet to set their Council Tax precepts.

#### **Council Tax Resolution – In relation to the Council Tax for 2016/17**

- (a) That in pursuance of the powers conferred on the Council as the billing authority for its area by the Local Government Finance Acts (the Acts), the Council Tax for the Slough area for the year ending 31 March 2017 be as specified below and that the Council Tax be levied accordingly.
- (b) That it be noted that at its meeting on 14 December 2015 Cabinet calculated the following Tax Base amounts for the financial year 2016/17 in accordance with Regulations made under sections 31B (3) and 34(4) of the Act:

- (i) 40,001.8 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (the Regulations) as the Council Tax Base for the whole of the Slough area for the year 2016/17; and
- (ii) The sums below being the amounts of Council Tax Base for the Parishes within Slough for 2016/17:

a)	Parish of Britwell	xxx
b)	Parish of Colnbrook with Poyle	xxx
c)	Parish of Wexham	xxx

- (c) That the following amounts be now calculated for the year 2016/17 in accordance with sections 31A to 36 of the Act:
  - (i) £420,457,936 being the aggregate of the amounts which the Council estimates for the items set out in section 31A (2)(a) to (f) of the Act. (Gross Expenditure);
  - (ii) £ 371,765,208 being the aggregate of the amounts which the Council estimates for the items set out in section 31A (3) (a) to (d) of the Act. (Gross Income);
  - (iii) £48,907,610 being the amount by which the aggregate at paragraph c (i) above exceeds the aggregate at paragraph c (ii) above calculated by the Council as its council tax requirement for the year as set out in section 31A(4) of the Act. (Council Tax Requirement);
  - (iv) £1,222.65 being the amount at paragraph c(iii) above divided by the amount at paragraph b(i) above, calculated by the Council, in accordance with section 31B(1) of the Act, as the basic amount of its Council Tax for the year, including the requirements for Parish precepts.
  - (v) That for the year 2016/17 the Council determines in accordance with section 34 (1) of the Act, Total Special Items of £215,778 representing the total of Parish Precepts for that year.
  - (vi) £1,217.26 being the amount at paragraph c (iv) above less the result given by dividing the amount at paragraph c (v) above by the relevant amounts at paragraph b (i) above, calculated by the Council, in accordance with section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

(vii) Valuation Bands

Band	Slough Area £	Parish of Britwell £	Parish of Colnbrook with Poyle £	Parish of Wexham Court £
A	811.51	xx.xx	xx.xx	xx.xx
B	946.76	xx.xx	xx.xx	xx.xx
C	1,082.01	xx.xx	xx.xx	xx.xx
D	1,217.26	xx.xx	xx.xx	xx.xx
E	1,487.76	xx.xx	xx.xx	xx.xx
F	1,758.26	xx.xx	xx.xx	xx.xx
G	2,028.77	xx.xx	xx.xx	xx.xx
H	2,434.52	xx.xx	xx.xx	xx.xx

Being the amounts given by multiplying the amounts at paragraph c (iv) and c (vi) above by the number which, in the proportion set out in section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with section 36 (1) of the Act, as the amount to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- (viii) That it be noted that for the year 2016/17 the Thames Valley Police Authority precept has been provisionally increased by x% in line with initial discussions. The following amounts are stated in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

Band	Office of the Police and Crime Commissioner (OPCC) for Thames Valley £
A	xx.xx
B	xx.xx
C	xx.xx
D	xx.xx
E	xx.xx
F	xx.xx
G	xx.xx
H	xx.xx

***These precepts have not been formally proposed or agreed by the Thames Valley Police Authority and may be revised when agreed.***

- (ix) That it be noted that for the year 2016/17 the Royal Berkshire Fire Authority has provisionally stated x as the following amount in precept issued to the Council, in accordance with section 40 of the Act, for

each of the categories of dwellings shown below: As in previous years no increase is assumed

<b>Band</b>	<b>Royal Berkshire Fire Authority £</b>
A	XX.XX
B	XX.XX
C	XX.XX
D	XX.XX
E	XX.XX
F	XX.XX
G	XX.XX
H	XX.XX

***These precepts have not been formally proposed or agreed by the Royal Berkshire Fire Authority and may be revised when agreed.***

- (x) Note that arising from these recommendations, and assuming the major precepts are agreed, the overall Council Tax for Slough Borough Council including the precepting authorities will be as follows:

<b>Band</b>	<b>Slough £</b>	<b>Office of the Police and Crime Commissioner (OPCC) for Thames Valley £</b>	<b>Royal Berkshire Fire Authority £</b>	<b>TOTAL £</b>
A	811.51	XX.XX	XX.XX	XX.XX
B	946.76	XX.XX	XX.XX	XX.XX
C	1,082.01	XX.XX	XX.XX	XX.XX
D	1,217.26	XX.XX	XX.XX	XX.XX
E	1,487.76	XX.XX	XX.XX	XX.XX
F	1,758.26	XX.XX	XX.XX	XX.XX
G	2,028.77	XX.XX	XX.XX	XX.XX
H	2,434.52	XX.XX	XX.XX	XX.XX

- (xi) That the Section 151 Officer be and is hereby authorised to give due notice of the said Council Tax in the manner provided by Section 38(2) of the 2012 Act.
- (xii) That the Section 151 Officer be and is hereby authorised when necessary to apply for a summons against any Council Tax payer or non-domestic ratepayer on whom an account for the said tax or rate and arrears has been duly served and who has failed to pay the amounts due to take all subsequent necessary action to recover them promptly.

- (xiii) That the Section 151 Officer be authorised to collect (and disperse from the relevant accounts) the Council Tax and National Non-Domestic Rate and that whenever the office of the Section 151 Officer is vacant or the holder thereof is for any reason unable to act, the Chief Executive or such other authorised post-holder be authorised to act as before said in his or her stead.
- (xiv) The above figures assume a council tax freeze for the Royal Berkshire Fire Authority. If this is not the case this report requests the Section 151 or nominated officer be authorised to adjust the council tax charges in line with final figures in consultation with the leader and leader of the opposition

## **Fees and Charges –**

- (d) That the Cabinet resolves to increase Fees and charges as outlined in Appendix F for 2016/17 as follows:
  - (i) An increase to the court costs figures from **£129 to £152**
  - (ii) Charge VAT on local land searches
  - (iii) Further changes as highlighted in appendix F

## **Pay Policy –**

- (e) That the Pay Policy outlined in Appendix O be noted for Council approval:

### **3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

#### **3a. Slough Joint Wellbeing Strategy Priorities –**

This paper assists in the achievement of the all of the strategic priorities:

- Economy and Skills
- Health and Wellbeing
- Regeneration and Environment
- Housing
- Safer Communities

#### **3b Five Year Plan**

This report helps achieve all of the outcomes by providing an overall financial strategy to support the delivery of the Five Year Plan.

### **4 Other Implications**

#### **(a) Financial**

Detailed within the report.

#### **(b) Risk Management**

<b>Risk</b>	<b>Mitigating action</b>	<b>Opportunities</b>
Legal	None	none

Property	None	None
Human Rights	None	None
Health and Safety	None	None
Employment Issues	A number of posts will be affected by changes proposed. These will be managed through the council's restructure, redundancy and redeployment policy and procedure. <b>As highlighted in the December report these could total over 20.</b>	None
Equalities Issues	To be assessed per each proposed saving	None
Community Support	None	None
Communications	None	None
Community Safety	None	None
Financial	Detailed within the report	None
Timetable for delivery	Risk of overspend and making further savings elsewhere	Decisions that could bring savings proposals forward
Project Capacity	None	None
Other	None	None

(c) Human Rights Act and Other Legal Implications

The Council has a number of statutory functions to perform. Any savings must not undermine the Council's responsibilities to provide minimum levels of provision in key areas. The set of savings proposals for 2016/17 does not recommend any savings that will affect the council's ability to carry out its statutory functions. However, Members should be mindful of the cumulative year on year effects of savings and reductions in services and continue to make assessments of the impact on statutory functions. All the savings proposals included within this report will be closely monitored throughout the financial year.

(d) Equalities Impact Assessment

Equalities Impact Assessments will require completion prior to final agreement of savings proposals. Proposals which are 'disinvestment' or a genuine reduction in service will require careful examination to ensure no group is disproportionately affected.

Members may have to consider making provision to fund any mitigation arising from detailed analysis of Equalities Impact Assessments.

(e) Workforce

***The proposed savings included within this report will have an impact on staffing levels, with possibly more than 20 staff affected.*** The Council has a number of measures to minimise compulsory redundancies including;

- Developing staff skills to redeploy to alternative roles.
- Obtaining staff savings from deletion of vacant posts.
- Opportunities for Voluntary Redundancies.

## 5 Supporting Information

### 5.1 Summary

- 5.1.1 2016/17 is set to be another difficult year financially for the Council, with a continued reduction in Government funding, as well as an increased demand for Council services. The Council has managed to, wherever possible, protect Council services whilst ensuring that there is sufficient budget for the next financial year to deliver its key outcomes.
- 5.1.2 There remain many difficult years ahead for the Council due to the financial pressures that it faces, but the budget for the 2016/17 ensures that the Council's finances are based on solid footings for the future.
- 5.1.2 This paper sets out the revenue budget for 2016/17 and the associated plans and assumptions contained within it. The Medium Term Financial Strategy, which accompanies this paper for approval, details the longer term financial challenges that the Council faces into the future years, whilst the capital strategy sets out the wider financial implications of decisions made in investing in the borough's infrastructure. The Treasury Management Strategy details how the Council will undertake transactions concerning investments and borrowings and this is contingent on the capital strategy as well as having an impact on the revenue budget savings proposals for 2016/17.

### Chart 1: Funding summary

No.	2015-16	Funding	2016-17
1	45.13	Council Tax	48.69
2	29.13	Retained Business Rates	29.87
3	24.01	Revenue Support Grant	18.48
4	1.46	Education Services Grant	1.37
5	2.60	New Homes Bonus	3.64
6	1.08	Other non-ring fenced grants	0.84
7	1.90	Collection Fund	0.84
8	<b>105.31</b>	<b>Total Budgeted income</b>	<b>103.73</b>
9	109.98	Prior year baseline (adj.)	106.58
10	3.72	Base budget changes	2.30
11	1.89	Directorate Pressures	5.75
12	0	Revenue Impact of Capital Investment	0.33
13	-0.5	Other adjustments	-1.10
14	0	Savings Requirement	0
14	-9.79	Savings identified	-10.13
15	<b>105.31</b>	<b>Net Expenditure</b>	<b>103.73</b>

n.b. the prior totals have been revised to move the Better Care Fund income directly into the Adult Social Care area.

## 5.2 Income

5.2.1 The Council has three main sources of income, as highlighted in the chart below:

5.2.2 The amount of retained Business Rates is determined by the Council setting its estimation of Business Rates for the year ahead to central Government. The Government then allows the Council to retain 49% of this income, subject to a further tariff that the Council must pay Central Government. For 2016/17 the tariff has been set at **£18.6m**. The Government sets the tariff based on the historical average of business rates collected set against the level of spend the Government believes the Council should have. If Business Rates growth compared to the estimate, the Council retains 30% of this growth. If Business Rates drop, the Council is liable for 50% of the drop.

5.2.3 The Council also receives Revenue Support Grant (RSG). RSG is determined, and comes from, Central Government and consists of Government's expectation of what the Council should spend in line with the Government's deficit reduction plans.

5.2.3.1 The Comprehensive Spending Review and Autumn Statement were announced on the 25<sup>th</sup> November. Though the Local Government Finance Settlement has yet to be finalised during the consultation period, the probable funding reductions and changes going forward have been included in the MTFS summary above.

5.2.3.2 Overall, the Government are stating that the total funds to Local Government will reduce by 1.7% in real terms though this assumes that Councils Increase Council Tax to the maximum possible level before a referendum.

5.2.3.3 For 2016/17, the amount of RSG assumed in the MTFS is **£18.48m**. The finalised settlement is unlikely to be announced until just before the Cabinet meeting in early February

5.2.4 The final main sources of Council income is Council Tax. This is based on the Council Taxbase (i.e. the number of properties in the borough) as per the report to Cabinet in December 2015 multiplied by the average band D Council Tax amount. For 2016/17 the Council Tax levels across the borough currently assume a **3.75%** increase for the Slough Borough Council element at £1,207.76 for a band D equivalent. This leads to an assumed Council Tax income of **£48.69m** for the Council in 2016/17. The spending review announced that local authorities responsible for adult social care will be given an additional 2% flexibility on their current council tax referendum threshold to be used entirely for social care.

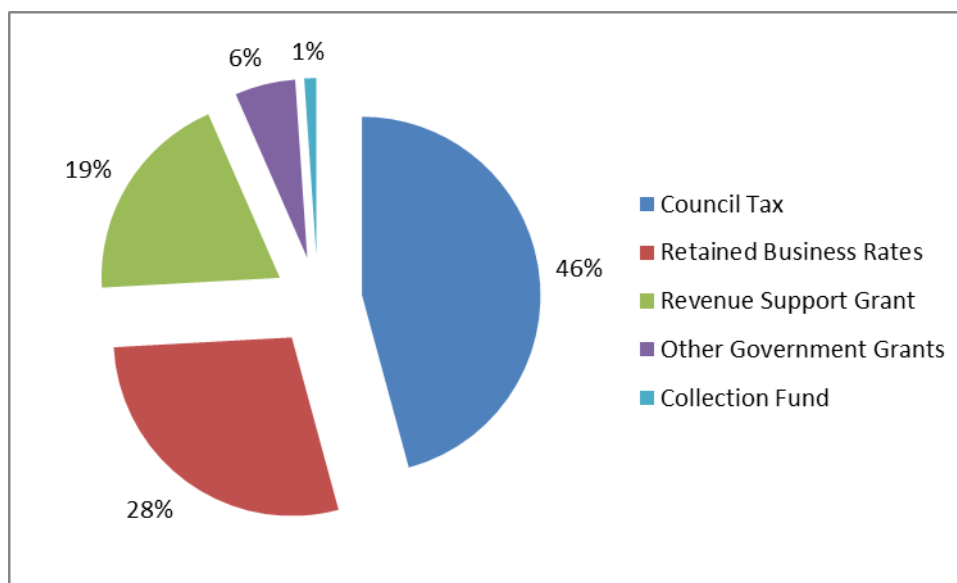
5.2.5 The other sources of Government grant income are clarified as per the Local Government Finance Settlement. Any variation from these in the finalised settlement will be reported to the Cabinet and Council. The total amount of non-ring-fenced Government Grants anticipated for 2016/17 is **£5.0m**. The main items included are the New Homes Bonus (£3.6m), and Education Services Grant (estimated at £1.4m).

5.2.6 The final source of income is the Collection Fund. This is a statutory account which details the actual income received in respect of Council Tax and retained business rates compared to the estimates made in January 2015 for the 2015-16 budget. At present this is anticipated to produce a surplus of **£0.8m** driven through an increase in the Council Tax base



5.2.7 The total income available to the Council for the 2016/17 for its net budget is therefore **£103.73m**.

**Chart 1.1: Council income sources**



5.2.8 The Council also receives income from specific Government grants and these are included in appendix I. The Council budgets for an anticipated nil net cost on these specific grants; i.e. that all expenditure will be contained within the income received from Government and that the local Taxpayer does not fund these activities.

5.2.9 By far the largest specific grant the Council receives is the Dedicated Schools Grant (DSG). The majority of this is pass-ported through to Slough Schools via a formula mechanism developed through the Schools Forum. The expected level of DSG for Slough is **£148.0m**.

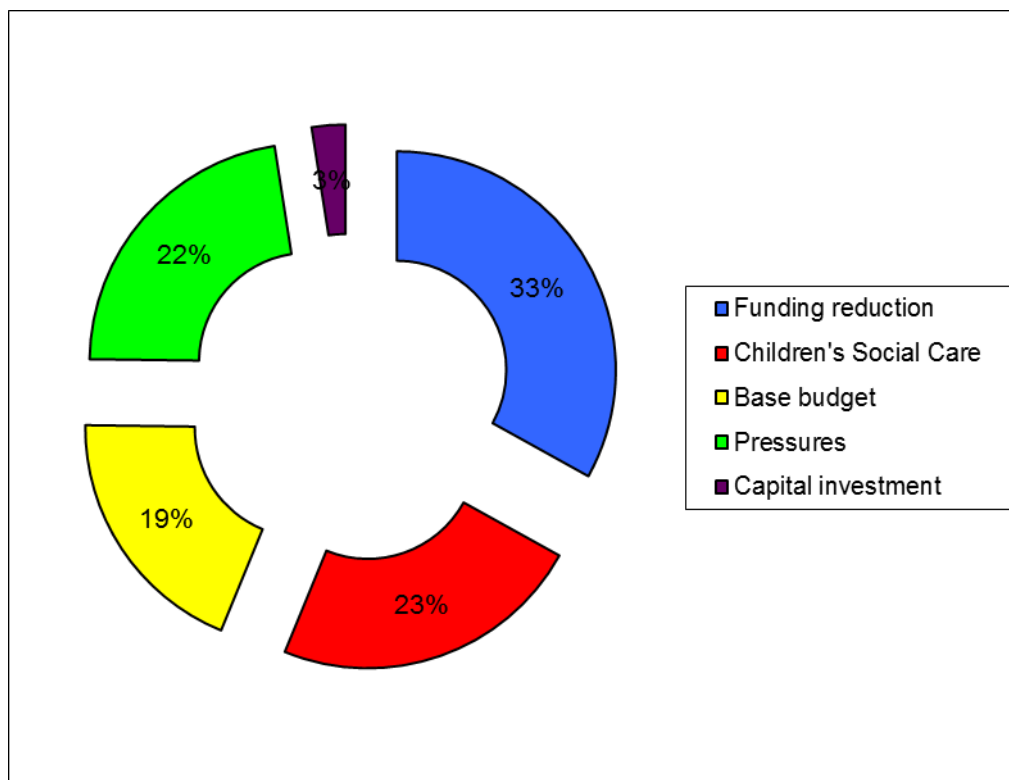
### **5.3 Expenditure**

5.3.1 The Council's base budget for 2016-17 stood at £106.58m and it is against this figure that all adjustments are completed. The adjustments included:

- (1) Base budget **£2.3m** – these are movement due to inflationary pressures, pay award (assumed at 1% for 2016/17), incremental rises and other adjustments related to previous years and virements. Appendix B has further details.
- (2) Directorate Pressures **£5.75m** – these are the totals of increased pressures on the council for 2016/17. Appendix C provides details of these.
- (3) Savings of **£10.13m**. The items above combined with the reduced overall income to the Council leave a savings target that needs to be closed. Appendix A details the proposals behind the savings
- (4) Other Adjustment – This includes an allowance of £0.5m for business rate appeals, the use of £1m of reserves and the use of £0.3m of capital receipts.

5.3.2 The savings target is driven by the increases to the base budget, i.e. the structural costs of operating an organisation the size of the Council with its current conditions, service pressures and the reduction to RSG. These overall cost rises are offset by any growth in Council Tax income and / or retained Business Rates as well as any movements from other non-ringfenced grants and the Collection Fund. The main pressures are highlighted below, and are detailed further in appendices B and C:

**Chart 1.2: Council wide pressures**



5.3.3 As can be seen from the above, the main driver for savings is the Government funding reduction to Revenue Support Grant. Though additional income from Council Tax and Business Rates partial offsets this, the scale of funding reduction is such that this is by far the primary driver for savings.

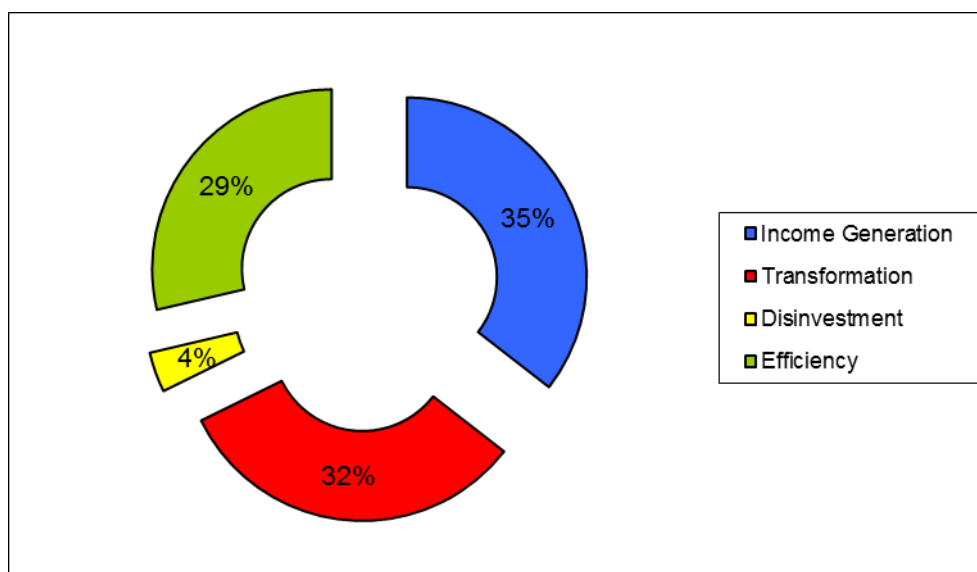
## **5.4 Strategy**

5.4.1 The council has been regularly monitoring the levels of savings required for the year ahead, and reports have been presented to Cabinet in July and November detailing the levels of savings required and providing an early sight of the savings proposals themselves. Cabinet have approved for £4.84m of savings to be included in the 2016/17 Revenue Budget with a further £3.86m at the December Cabinet, and these are contained within appendix A to this report.

5.4.2 The Council has changed its approach this year to budgeting to focus on the delivery of the 5 Year Plan (5YP) outcomes. This outcomes based budgeting has enabled the Council to look at more cross cutting budgets that deliver outcomes rather than the same provision of existing services. The outcome of the work undertaken so far has been to identify savings and income generation of over £10m per appendix A. Well over £3m of the overall savings are focused on more commercial activities with the aim to increase the Council's revenue streams in the future and thus support the longer term financial position of the Council.

5.4.3 The rationale for outcomes based budgeting was also to drive more innovation in the delivery of Council services and to take a more strategic look over the life of the MTFS to commence schemes that will re-shape services or deliver significant income in future financial years. The chart below highlights the themes of the main savings contained over the next four years as they are currently envisaged. These will need to be approved on an annual basis per the Council revenue budget setting process, but this provides a clear trajectory for where the Council is seeking to make change in the future. As can be seen from the chart, there are significant new income streams that the Council will be pursuing to enable the delivery of the 5YP but also to protect other services areas from even further reductions in budgets due to overall reduction in Government funding.

**Chart 1.3: Council Savings by type – 2016/17**



## 5.5 Reserves

5.5.1 The Council holds a variety of reserves, and these are detailed further in appendix D. It is vital for the Council to hold a minimum level of reserves to ensure that if there is an overspend in the financial year due to demand pressures or emergencies, that the Council can cover this without going out to residents immediately requesting additional Council Tax; the general reserve gives the Council more time to deal with impact of overspends on the services that are delivered.

5.5.2 As per this report, the minimum level of recommended General Fund reserve has been set at 5% of the Council's net revenue budget. The current volatility and uncertainty over government funding in terms of Revenue Support Grant, Better Care Fund, Education Services Grant and New Homes Bonus as well as welfare reform costs pressures means that it is estimated an additional £2m of balances are required to cover these contingencies. This would mean a minimum level of **£7.2m** at the proposed budget figures. The current level of general reserves as at 31.3.2015 is £8.1m.

5.5.3 It is proposed to use £1m of an earmarked reserves as a result of the flexibility on capital receipts.

## 5.6 Risk Management

- 5.6.1 Given the level of savings for 2016/17, it is vital to ensuring the long term stability of the Council that these are delivered to enable a balanced budget, but also that the savings package as a whole is considered across the Council and that the sum of the savings do not create difficulties for other parts of the Council when delivering services for its residents.
- 5.6.2 During the 2016/17 financial year, as has been the case in 2015-16, there will be monthly monitoring of the savings proposals to identify which are green, i.e. on track to be delivered, amber or red (not expected to be delivered in year). This will enable the Council to adjust it's future budget position for any unmet savings as well as ensure that it can take appropriate in year steps to rectify any growing overspends that arise.

## 5.7 Impact on service budgets

- 5.7.1 The table below highlights the changes to service budgets as a result of all of changes detailed in the budget and associated papers.

**Table 2.1: Impact on service budgets**

	2015-16 / £m	2016/17 / £m	Variance / £m	% variance
Wellbeing	59.9	59.8	-0.1	-0.1
Customer and Community Services	17.0	16.3	-0.7	-4.1
Regeneration, Housing and Resources	26.4	25.1	-1.3	-4.9
Chief Executive	3.7	3.7	0.0	0.0

**This table includes internal restructures as well as a result of all of the increase in costs from pressures and base budget adjustments and reduced by savings items. This table highlights how budgets are changing in their entirety rather than where savings are being made**

## 6 Comments of Other Committees

- 6.1 This report will be considered by the Overview and Scrutiny Committee on the 4<sup>th</sup> February 2016 and any comments will be reported at the meeting.

## 7 Conclusion

- 7.1. This report underlines a **3.75%** Council Tax rise for the local taxpayer for 2016/17, and the delivery of this is based on a variety of savings measures that are geared towards minimising the impact on service users. These savings measures need to be considered in light of the risks that they represent and in line with any impact assessments that are required.
- 7.2. This report also contains a subsequent number of Council Tax resolutions for approval to enable the Council to bill residents in appropriate time.

## **8      Appendices**

- 'A'      -      Savings proposals
- 'B'      -      Base budget assumptions
- 'C'      -      Service pressures
- 'D'      -      Reserves position
- 'E'      -      Collection Fund
- 'F'      -      Fees & Charges
- 'G'      -      Council Tax Resolution
- 'H'      -      Section 151 officer statement
- 'I'      -      Specific Grants
- 'J'      -      HRA Rents and Service Charges
- 'K'      -      Equality Impact Assessment
- 'L'      -      Efficiency Strategy
- 'M'      -      Local Welfare Provision
- 'N'      -      Budget Simulator Consultation
- 'O'      -      Pay Policy Statement

## **9      Background Papers**

- '1'      -      Local Government Finance Settlement 2016/17
- '2'      -      Council Taxbase Report (December 2015 Cabinet)
- '3'      -      Medium Term Finance Strategy update paper to Cabinet (November 2015, December 2015 and January 2016)